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AT RICHMOND, MAY 25, 2000

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

CASE NO. PUE990788

Ex Parte: In the matter of
establishing regulations for
net energy metering pursuant to
Va. Code § 56-594

ORDER ADOPTING REGULATIONS
GOVERNING NET ENERGY METERING

As part of the Virginia Electric Restructuring Act ("the Act"), § 56-594 of the Code of Virginia directs the Commission to establish by regulation a program, to begin no later than July 1, 2000, which affords eligible customer-generators the opportunity to participate in net energy metering.

By order entered December 22, 1999, the Commission established this proceeding for the promulgation of regulations in accordance with § 56-594. Also on December 22, 1999, the Commission Staff filed proposed regulations to govern net energy metering as well as a report describing its proposed regulations. The Staff's proposed regulations were developed after receiving input from numerous stakeholders and interested parties. These parties provided both written responses to Staff data requests and participated in meetings and a workshop conducted by the Staff.

Our order of December 22, 1999, provided notice to interested parties and the public of the proposed regulations and invited formal comments and requests for hearing. The Commission received comments from the following parties: The Potomac Edison Company, d/b/a Allegheny Power; Appalachian Power Company, d/b/a American Electric Power ("AEP-VA"); the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); Old Dominion Electric Cooperative and its member distribution cooperatives, together with the Virginia, Maryland & Delaware Association of Electric Cooperatives ("the Cooperatives"); the Maryland-DC-Virginia Solar Energy Industries Association ("MDV-SEIA"); Southern Environmental Law Center; LG&E Energy Corporation; and Virginia Electric and Power Company ("Virginia Power"). AEP-VA and Virginia Power requested a hearing on the proposed regulations.

By order of February 22, 2000, we established a procedural schedule for receiving evidence at a public hearing. We directed our Staff to file testimony or other filing adopting its December 22, 1999, report, and we directed parties desiring to participate at the hearing to similarly file testimony or other filing adopting its previously filed comments. The Staff filed comments adopting its report on March 10, 2000, and parties made their filings on March 21, 2000. The hearing was held on March 29 and 30, 2000. The Staff, Consumer Counsel,

MDV-SEIA, Virginia Power, the Cooperatives, AEP-VA, and Allegheny Power participated at the hearing. At the hearing, the Commission heard opening statements from counsel and received extensive evidence from the Staff and witnesses for the parties.

NOW THE COMMISSION, upon consideration of the record and the applicable law, is of the opinion and finds that the regulations attached hereto should be adopted, effective as of the date of this order. These regulations will, as required by § 56-594 A of the Code of Virginia, establish a program affording eligible customer-generators the opportunity to participate in net energy metering.

The regulations we adopt herein contain various modifications to those that were published in this case by our order of December 22, 1999. These modifications have been made after our consideration of proposed changes made to those rules by the Staff prior to the hearing in March of this year, other changes suggested at that proceeding, and our analysis of the question of how best to "facilitate the provision of net energy metering" without adversely affecting the public interest, as required by § 56-594 A of the Code of Virginia.

One change we have made corrects what we find to have been a misimpression of the statutory requirement that was incorporated in the third paragraph of proposed rule 20 VAC 5-

315-50. That rule, as originally proposed, provided that excess generation occurring during any billing periods would be carried forward to be applied to consumption in future billing periods, but not past the end of the twelve-month net metering period. That proposal was intended to apply the provision of § 56-594 D of the Code of Virginia that a customer is not to be compensated for excess electricity produced during a net metering period in the absence of a separate power purchase agreement. That rule, as proposed, treated the customer less favorably than the statute requires, however. We have modified that rule herein to make it consistent with the statutory provision. Accordingly,

IT IS ORDERED THAT:

(1) Regulations governing net energy metering are hereby adopted as shown in Attachment A to this order.

(2) All electric utilities in the Commonwealth subject to Chapter 10 of Title 56 of the Code of Virginia shall file with the Commission's Division of Energy Regulation by June 16, 2000, tariff provisions necessary to implement the regulations as adopted herein.

(3) There being nothing further to come before the Commission, this case shall be removed from the docket and the papers filed herein be placed in the file for ended causes.